THE MINISTER OF STATE OF THE MINISTRY OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA): (a) to (c) The information is being collected and will be laid on the Table of the House.

Electronic sale of business information

2222. SHR K. RAMA MOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that in a major ruling, the Authority for Advance Ruling has held that electronic sale of business information by a foreign company to an Indian company is not taxable in India;

(b) whether it is also a fact that payment of royalty is taxable under the Income Tax Laws of the country; and

(c) if so, whether the sale of business information constitutes royalty?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Authority for Advance Ruling has held in one case that on the facts and circumstances of that case, since the applicant did not have a permanent establishment in India, it will not be taxable in India in respect of the business profits arising from the electronic sale of business information.

(b) Yes, Sir.

(c) Usually, the sale of business information constitutes business income and the same will be taxable in India if the seller has a permanent establishment in India.

Service Tax on Retired Persons Employed by Private Companies

2223. SHRI RAJU PARMAR: Will the Minister of FINANCE be pleased to sate:

(a) whether it is a fact that retired Government servants engaged by private companies as consultants are required to pay service tax at the rate of 10 per cent plus education cess of 2 per cent;

(b) if so, the details and reasons of levying service tax on retired Government servants; and